

GPU ENERGY ATTACHMENT E

COST RECOVERY

- a) All market development costs, as defined in GPU Energy Attachment “C”, shall be charged against the \$550,000 settlement amount to be returned to customers, as stipulated in the Settlement Agreement between GPU Energy and BPU Staff dated June 7, 2000 to resolve all issues related to the LEAC Audit and the GR&FT Audit. If it becomes apparent that the \$550,000 is inadequate to absorb the market development costs, the Company reserves the right to file a proposal for a supplemental recovery mechanism with the Board. When TPS consolidated bill credits are no longer in effect, should the overcollected balance exceed the recoveries delineated in this Paragraph, the remaining balance will be applied to costs in Paragraph (b) herein.

- b) GPU Energy shall file a verified petition with the Board in order to establish the reasonableness of the following start-up costs not delineated in (a) above, incurred by GPU Energy to initiate the terms of this Settlement: costs incurred to develop consolidated billing under Paragraphs 3, 5 and 6 and upgraded meter access under Paragraph 9, to the extent not otherwise recovered from TPSs. These electric restructuring costs shall be subject to

deferred accounting and, if found reasonable and prudent by the Board, shall be recoverable from all customer classes eligible to obtain electric generation services from State-licensed TPSs via a clause mechanism, on a per customer basis, with interest (calculated according to Paragraph (c) below) from the date such costs are incurred. The Ratepayer Advocate reserves its right to argue, at the time the utility files for recovery of costs referenced in this paragraph, that the costs recovery charges should apply to OTRA and special contract customers.

- c) Deferred costs described in Paragraphs (a) and (b) above will be recovered over no more than a two-year period starting in August 2003. Interest on any such unamortized balance of deferred costs shall be calculated at an interest rate on medium term, single A-rated bonds.